

# Minutes

## Health Services and Development Agency Meeting

### October 26, 2005

#### AGENCY MEMBERS PRESENT

Gene Caldwell, M.D., Chair  
Atchley, Bryan, Vice Chair  
Coile, Kristin, designee for the Commissioner of Commerce and Insurance  
Collier, David, M.D., designee for the TennCare Director  
Handorf, Charles, M.D.  
Koella, Carl, III  
Weaver, Faye, designee for the Comptroller of the Treasury

#### AGENCY MEMBERS ABSENT

Lammert, Gregory  
Troy, Peggy

#### AGENCY STAFF PRESENT

Hill, Melanie, Executive Director  
Bobbitt, Melissa, Administrative Services Assistant II  
Brogden, Reid, General Counsel  
Christoffersen, Jim, Deputy General Counsel  
Farber, Mark, Assistant Executive Director  
Finchum, Rhonda, Office Manager  
Grimm, Jeff, Health Planner III  
Wells, Phil, Health Planner III

#### GUESTS PRESENT

Anderson, Kristen, Baker, Donelson, Bearman, Caldwell & Berkowitz  
Archer, David, CEO, St. Francis Hospital  
Baker, E. Graham, Esq., Weeks, Anderson, & Baker  
Barrow, Brent, M.D., Cleveland Community Hospital  
Baucom, Brad, COO, Jackson Madison County General Hospital  
Bradford, John, Waller, Lansden, Dortch & Davis  
Brent, Michael D., Esq., Boulton, Cummings, Connors & Berry  
Brown, Dere, NHC  
Burk, Eric, Centex Construction  
Burk, Eric, Sr. Preconstruction Manager, West Tennessee Healthcare  
Chase, Bob, Director Behavioral Health, St. Francis Hospital  
Coates, Robyn, Memorial Hospital  
Cobb, Bradley A., Executive Director; NAMI, Memphis and Nashville  
Coleman, Jim, CEO, Cleveland Community Hospital  
Corritore, Danell, Department of Health  
Culp, Joe, Department of Health  
Dietrich, Mike, Tennessee Hospital Association  
Domohoo, Bill, Bradley Memorial Hospital and Cleveland Community Hospital  
Downey, Donald E., CEO, Stones River Hospital  
Duncan, Bruce, NHC  
Elrod, Dan H., Esq., Miller & Martin  
Estabrook, Mark, Administrator, The Diagnostic Center  
Gooch, Warren H., Esq., Kramer, Rayson, Leake, Rodgers & Morgan

HEALTH SERVICES AND DEVELOPMENT AGENCY

OCTOBER 26, 2005 MEETING

- PAGE 1 -

Green, Cathy, Department of Health, Health Care Facilities  
Haaga, Sue Ellen, St. Francis Hospital  
Hill, Ronald, Vice President, Jackson-Madison County General Hospital  
Houchin, Barbara, St. Thomas Health System  
Hubble, Bill, Vanderbilt Stallworth Rehabilitation Hospital  
Huggins, Mike, THA  
Joyce, Barry, Director of Finance, West Tennessee Healthcare  
Lake, Vicki, Jackson-Madison County General Hospital  
Looney, Kim Harvey, Esq., Waller, Lansden, Dortch & Davis  
Poling, Becki, Department of Mental Health/Developmental Disabilities  
Reinhart, Ron, Lakeside Behavioral Health  
Ross, James E., Vice President, West Tennessee Healthcare  
Spillman, Janice, Department of Mental Health and Developmental Disabilities  
Taylor, Jerry W., Esq., Farris, Mathews, Branan, Bobango, Hellen & Dunlap, PLC  
Trauger, Byron, Esq., Trauger, Ney & Tuke  
Ulmer, Carlton, Parkridge Medical Center  
Vernon, Andy, M.D., The Diagnostic Center  
Vollberg, Carlton, M.D., The Diagnostic Center  
Waggner, Rob, CEO, Lakeside Behavioral Health  
West, William H., Esq., Baker, Donelson, Bearman, Caldwell & Berkowitz  
Whitt, Marsha M., West Tennessee Healthcare  
Williams, Katie, Department of Mental Health and Developmental Disabilities  
Windham, Yvette, LPNT  
Wood, Betsy, Tennessee Hospital Association  
Wright, Will, Stites & Harbison, PLLC

*Ms. Coile was not attendance, unless otherwise noted.*

**Chairman Caldwell called the meeting to order at 8:30 a.m. in the Main Auditorium of the Bell South Tower, Nashville, Tennessee.**

### **DIRECTOR'S ANNOUNCEMENTS**

Melanie Hill, Executive Director, made general announcements.

### **CERTIFICATE OF NEED APPLICATIONS**

*Mark Farber summarized the following CON applications:*

#### **Mid-South ENT Surgery Center - (Cordova, Shelby County) - Project No. CN0506-051**

The establishment of a single-specialty ambulatory surgical treatment center (ASTC) limited to the patients of the practice for otorhinolaryngology procedures. The ASTC will have two (2) operating rooms and one (1) procedure room. Project Cost \$4,280,456.00.

#### **DEFERRED TO DECEMBER**

#### **Cleveland Community Hospital - (Cleveland, Bradley County) - Project No. CN0505-041**

The relocation of select hospital-based diagnostic radiology services and outpatient surgery services to a free-standing outpatient site owned and controlled by the hospital. This project includes the relocation of a magnetic resonance imaging (MRI) scanner, the acquisition of a computerized tomography (CT) scanner, and the relocation of one (1) operating room and one (1) procedure room, plus the construction of two (2) additional operating rooms. Project Cost \$9,848,674.

William H. West, Esq., representing the applicant, addressed the Agency. Speaking on behalf of the project were: Jim Coleman, CEO and Brent Barrow, M.D.

Mr. Koella moved for approval of the project based on: 1) Need – The need has been shown by the utilization of the current services and population growth in the area; 2) Economic Feasibility – The project is

HEALTH SERVICES AND DEVELOPMENT AGENCY

OCTOBER 26, 2005 MEETING

- PAGE 2 -

economically feasible through the combination of cash reserves and an operating lease; and 3) The project does contribute to the orderly development of adequate and effective health care due to the licensing and the participation in TennCare. Mr. Atchley seconded the motion. The motion CARRIED [6-0-0].  
**APPROVED**

AYE: Koella, Atchley, Handorf, Weaver, Collier, Caldwell  
NAY: None

**Stones River Hospital - (Woodbury, Cannon County) - Project No. CN0506-044**

The initiation of rehabilitation services. Eight (8) medical beds will be converted to inpatient rehab beds in four (4) existing semi-private rooms. The hospital's licensed bed complement of fifty-five (55) beds will not change. Project Cost \$269,200.00.

Mr. Koella moved the project to end of Agenda due to the absence of the applicant. Mr. Atchley seconded the motion. The motion CARRIED [6-0-0] by unanimous voice vote.

AYE: Koella, Atchley, Handorf, Weaver, Collier, Caldwell  
NAY: None

**Lakeside Behavioral Health System - (Memphis, Shelby County) - Project No. CN0506-054**

The addition of sixty-one (61) adult psychiatric acute care beds and twenty-five (25) child/adolescent psychiatric acute care beds to be licensed by the Department of Mental Health and Developmental Disabilities. The mental health hospital's bed complement will increase from 204 to 290 beds.

**Moved to end of Agenda lack of quorum due to Dr. Handorf's intent to recuse.**

**NHC Place at Cool Springs - (Franklin, Williamson County) - Project No. CN0507-058**

The addition of twenty (20) new Medicare certified nursing home beds to the existing one hundred-sixty (160) Medicare certified beds for a total of one hundred-eighty (180) nursing home beds. The project involves the conversion of twenty (20) licensed private nursing home rooms to twenty (20) semi-private nursing home rooms. \*These beds are subject to the 2005-2006 125-bed nursing home pool. Project Cost \$154,800.00.

**DEFERRED TO THE DECEMBER MEETING**

**Jackson-Madison County General Hospital - (Jackson, Madison County) - Project No. CN0507-059**

The increase of cost and square footage of approved Certificate of Need CN0206-042A. The modifications will increase the project cost from \$90,424,250 to \$117,293,026 (an increase of \$26,868,776), and square footage will increase by 80,623 SF from 321,000 SF to 401,623 SF. Project Cost \$26,868,776.00.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Present in support were: James E. Ross, Vice President, West Tennessee Healthcare; Marsha M. Whitt, West Tennessee Healthcare; Ronald Hill, Vice President, Jackson-Madison County General Hospital; Brad Baucom, COO, Jackson-Madison County General Hospital; Barry Joyce, Director of Finance, West Tennessee Healthcare; Eric Burk, Sr. Preconstruction Manager, West Tennessee Healthcare; Victoria S. Lake, Director, Market Research, Jackson-Madison County General Hospital.

Mr. Atchley moved for approval of the project based on: 1) Need – The need is shown with the three (3) years since the original Certificate of Need was approved. The needs that were unforeseen have shown themselves; 2) Economic Feasibility – The project is economically feasible and cash reserves are available; and 3) The project definitely contributes to the orderly development of adequate and effective health care. Dr. Handorf seconded the motion. The motion CARRIED [6-0-0]. **APPROVED**

AYE: Koella, Atchley, Handorf, Weaver, Collier, Caldwell  
NAY: None

**Maxim Healthcare Services - (Johnson City, Washington County) - Project No. CN0507-060**

The establishment of a home care organization to provide non-Medicare home health care services in Greene, Sullivan and Washington counties. The parent office will be located at 105 KLM Drive, Suite 6, Johnson City (Washington County), TN 37615. Project Cost \$135,000.00.

## **DEFERRED TO THE DECEMBER MEETING**

### **The Diagnostic Center - (Chattanooga, Hamilton County) - Project No. CN0507-061**

The initiation of magnetic resonance imaging (MRI) services. The MRI service will be limited to the physicians and practice of The Diagnostic Center. The Diagnostic Center is a 26-member General Partnership physician practice. The applicant will lease time at an hourly rate for the use of the MRI unit three hours per day, five days per week from Tennessee Valley Diagnostic Center, LLC (CN0502-010A) which was approved on May 25, 2005 as an Outpatient Diagnostic Center (ODC) with MRI. Project Cost \$864,000.00.

E. Graham Baker, Esq., representing the applicant, addressed the Agency. Speaking on behalf of the project were: Carlton Vollberg, M.D., Carlton Ulmer, Parkridge Medical Center and Mark Estabrook, Administrator. Andy Vernon, M.D., was present.

Ms. Weaver moved for denial of the project based on: 1) Need – There is not a need because these services are adequately provided in the service area; and 2) The project does not contribute to the orderly development of adequate and effective health care in that the single billing arrangement is not advantageous other than making it location advantageous, but not economically advantageous for patients that are recipients of the service. Dr. Collier seconded the motion. The motion CARRIED [5-1-0].

**DENIED**

AYE: Koella, Atchley, Weaver, Collier, Caldwell

NAY: Handorf

*Ms. Coile arrived*

### **GENERAL COUNSEL'S REPORT**

*Reid Brogden summarized the following modification requests:*

#### **Wellmont Holston Valley Medical Center - (Kingsport, Sullivan County) - Project No. CN0005-035AM**

Request for modification of the Certificate of Need for mobile positron emission tomography (PET) imaging services to expand from two (2) to three (3) days per week of mobile service.

Byron Trauger, Esq., representing the applicant, addressed the Agency.

Mr. Koella moved for approval of the request to expand mobile PET services from two (2) to three (3) days per week. The need is there from the volume figures, the licensing and economical feasibility is in place. Dr. Handorf seconded the motion. The motion CARRIED [7-0-0]. **APPROVED**

AYE: Coile, Koella, Atchley, Handorf, Weaver, Collier, Caldwell

NAY: None

#### **Wellmont Bristol Regional Medical Center - (Bristol, Sullivan County) - Project No. CN0005-034A**

Request for modification of the Certificate of Need for mobile positron emission tomography (PET) imaging services to expand from one (1) day per week to two (2) days per week of mobile service.

Byron Trauger, Esq., representing the applicant, addressed the Agency.

Mr. Koella moved for approval of the request to modify the Certificate of Need to expand the mobile PET from one (1) day per week to two (2) days per week. The increased utilization is there as they are running above projection and guidelines demonstrating the need. The project continues to be economically feasible.

The licensing and TennCare service is in place for the orderly development function. Mr. Atchley seconded the motion. The motion CARRIED [7-0-0]. **APPROVED**

AYE: Coile, Koella, Atchley, Handorf, Weaver, Collier, Caldwell  
NAY: None

### **CERTIFICATE OF NEED APPLICATIONS**

*Mark Farber summarized the following CON applications:*

*Dr. Handorf recused*

#### **Lakeside Behavioral Health System - (Memphis, Shelby County) - Project No. CN0506-054**

The addition of sixty-one (61) adult psychiatric acute care beds and twenty-five (25) child/adolescent psychiatric acute care beds to be licensed by the Department of Mental Health and Developmental Disabilities. The mental health hospital's bed complement will increase by eighty-six (86) beds from 204 to 290 beds. Project Cost \$1,383,105.00.

Kim Harvey Looney, Esq., representing the applicant, addressed the Agency. Speaking on behalf of the project were: Rob Waggener, CEO; and Bradley A. Cobb, Executive Director, NAMI, Memphis and Nashville. Ron Reinhart was present in support.

Opposing was: David Archer, CEO, St. Francis Hospital and Bob Chase, Director, St. Francis Hospital.

Ms. Looney rebutted.

Mr. Koella moved for approval of the project based on: 1) Need – The need is there clearly for the formula by the adolescents, and the involuntary admissions provide the need criteria being met for the adults; 2) Economic Feasibility – The project is economically feasible through the cash reserves; and 3) The project does contribute to the orderly development of adequate and effective health care due to the licensing, TennCare service and involuntary admissions service, as well as, evidenced by the support from the Department of Mental Health. Ms. Coile seconded the motion. The motion CARRIED [6-0-0]. **APPROVED**

AYE: Coile, Koella, Atchley, Weaver, Collier, Caldwell  
NAY: None

*Ms. Coile left meeting*

#### **Stones River Hospital - (Woodbury, Cannon County) - Project No. CN0506-044**

The initiation of rehabilitation services. Eight (8) medical beds will be converted to inpatient rehab beds in four (4) existing semi-private rooms. The hospital's licensed bed complement of fifty-five (55) beds will not change. Project Cost \$269,200.00.

Donald E. Downey, CEO, addressed the Agency on behalf of the project.

Dr. Handorf moved for approval of the project based on: 1) Need – The need has been established in the application; 2) Economic Feasibility – The project is financially feasible from financing with cash reserves; and 3) The project does contribute to the orderly development of adequate and effective health care in the community by caring for a growing patient population. Ms. Weaver seconded the motion. The motion CARRIED [6-0-0]. **APPROVED**

AYE: Koella, Atchley, Handorf, Weaver, Collier, Caldwell  
NAY: None

### **GENERAL COUNSEL'S REPORT**

### **Contested Case Updates – New Appeal Status**

There were three (3) new appeals filed within the last thirty days: Clarksville Surgery Center, Maxim Healthcare and Senior Health Care.

### **CURRENT REPORTS**

#### **Statistical Reports**

The reports were accepted into the record.

#### **Finance, Ways and Means Committee Reports**

The reports were accepted into the record.

#### **Minutes**

The minutes of the September 28, 2005, meeting was accepted by unanimous voice vote.

### **ADJOURNMENT**

There being no further business, the meeting adjourned.